



## RESOLUTION

### AMENDING THE CITY'S POLICY WITH RESPECT TO AFFORDABLE HOUSING REQUIREMENTS IN UNILATERAL AGREEMENTS.

WHEREAS, Resolution 09-241, CD1, established the following as City policy with respect to household income thresholds for affordable housing--either for sale or rent--required by unilateral agreements:

Unilateral Agreement conditions requiring the provision of affordable housing shall, unless otherwise specified in the Unilateral Agreement due to unique circumstances or unusual opportunities, be implemented by requiring that no less than 30 percent of the total number of dwelling units in the project be affordable to households with incomes not exceeding 140 percent of the median income for Honolulu, with no less than 20 percent of the total number of dwelling units being affordable to households with incomes not exceeding 120 percent of the median income, and with no less than 10 percent of the total number of dwelling units being affordable to households with incomes not exceeding 80 percent of the median income;

and

WHEREAS, the foregoing policy is reflected in the City's Affordable Housing Rules for Unilateral Agreements, adopted on February 12, 2010, by the Department of Planning and Permitting (the "U/A Affordable Housing Rules"); and

WHEREAS, the U/A Affordable Housing Rules further provide that a developer may satisfy its affordable housing requirement through one or more of the following options determined acceptable to the Department of Planning and Permitting:

- a) Affordable for-sale units on the rezoned project site;
- b) Affordable rental housing units on the rezoned project site;
- c) Conveyance of improved fee simple real property to a qualified non-profit affordable housing provider;
- d) Affordable for-sale or rental units at a site other than the rezoned project site;
- e) A cash contribution ("in-lieu fee") as set by City Council resolution; and



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- f) Finished house lots for affordable housing for owner-builders through a self-help program;

and

WHEREAS, the U/A Affordable Housing Rules establish a ten-year term of restrictions ("restriction period") on the transfer of title or sale of affordable housing units, during which:

- a) If a purchaser of an affordable unit wishes to transfer title, the Department of Budget and Fiscal Services shall have the option to (1) either purchase the real property, or (2) require the purchaser to sell the real property to a qualified resident who is in the same income category as the original purchaser at the time of the original sale; or
- b) Rental units in an affordable housing project must be rented, after which the City shall be given the first option to purchase the project at fair market value if it is offered for sale after the ten-year restriction period;

and

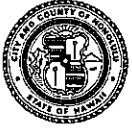
WHEREAS, after the restriction period expires, affordable for-sale units may be sold at fair market value, removing them from Honolulu's inventory of affordable fee-simple housing, and affordable rental units may be converted to market rental units, unless the rental project is purchased by the City; and

WHEREAS, the current marketplace is not building enough affordable housing to keep up with the demand, since most of the homes constructed in the past five years in Honolulu were for higher income households and for-sale units; and

WHEREAS, the Council finds that the City's Affordable Housing Policy needs to be updated to address the current shortage of available affordable housing; and

WHEREAS, the Council believes that maintaining an adequate inventory of affordable for-sale units and affordable rentals is essential to alleviate the City's current housing crisis; and

WHEREAS, the City Administration's Draft Islandwide Housing Strategy, unveiled in September 2014, proposes changes to the City's affordable housing requirements, including changes to the income thresholds and imposition of the requirements at the building permit stage through revised land use regulations; and



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WHEREAS, the Islandwide Housing Strategy also calls for amending the U/A Affordable Housing Rules "to align with the new Affordable Housing Requirement, reflecting the need for more rental housing at lower AMIs for longer periods of time;" and

WHEREAS, in order to expand the affordable housing inventory in the City, the Council desires to amend the City's Affordable Housing Policy for housing required under unilateral agreements established by Resolution 09-241, CD1 to reflect the proposals set forth in the Islandwide Housing Strategy; now, therefore,

BE IT RESOLVED by the Council of the City and County of Honolulu that the following is hereby established as the City's policy with respect to affordable housing required by unilateral agreements:

Zone changes for residential developments of 10 housing units or more shall include in the unilateral agreement a condition requiring the declarant and its successors in interest to provide low and moderate income housing meeting the following minimum requirements:

**For Construction of On-Site Affordable Housing:**

- (a) If rental affordable units are provided, a minimum of 15 percent of the total units must be affordable to households earning 80 percent of the area median income for Honolulu (AMI) or lower;
- (b) If for-sale affordable units are provided, a minimum of 30 percent of the total units must be affordable to households earning 120 percent of AMI or lower; and
- (c) The minimum period of affordability shall be no less than 30 years and no more than 60 years.

**For Construction of Off-Site Affordable Housing:**

- (a) Only affordable rental units will be allowed, and a minimum of 20 percent of the total units must be affordable to households earning 80 percent of AMI or lower; and
- (b) The minimum period of affordability shall be no less than 30 years and no more than 60 years.



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**Alternative--In Lieu of Construction Fee:**

A fee equivalent to the cost of constructing a percentage of the total units as affordable shall be paid into the Affordable Housing Fund. The amount of the fee shall be updated regularly to reflect current construction costs;

and

BE IT FURTHER RESOLVED, that the Department of Planning and Permitting is requested to amend its U/A Affordable Housing Rules expeditiously to conform to the foregoing policy; and

BE IT FURTHER RESOLVED that this Resolution shall not be deemed to affect, alter, or change any unilateral agreement affordable housing conditions or affordable housing agreements in effect on the date of the policy's adoption; and

BE IT FURTHER RESOLVED that Resolution 09-124, CD1, is hereby repealed; and.

BE IT FURTHER RESOLVED that, within 120 days of the adoption of this Resolution, the Department of Planning and Permitting is requested to provide the Council with a draft ordinance to implement the Islandwide Housing Strategy's recommendation that all new construction involving ten or more dwelling units must comply with the affordable housing requirements, with the requirements triggered at the building permit stage; and



**CITY COUNCIL**  
CITY AND COUNTY OF HONOLULU  
HONOLULU, HAWAII

No. 15-83

**RESOLUTION**

BE IT FINALLY RESOLVED that copies of this Resolution be transmitted to the Mayor, the Managing Director, and the Director of Planning and Permitting.

INTRODUCED BY:

*For memo*

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Councilmembers

DATE OF INTRODUCTION:

**MAR 25 2015**

Honolulu, Hawaii

**FILED**  
**MAR 25 2016**  
PURSUANT TO ROH Sec. 1-2.5

2015 MAR 25 PM 10:00  
C & C OF HONOLULU  
CITY CLERK  
RECEIVED